

## REMARKS

The IPER acknowledges novelty (N) on claim 5-7, 13, 35-37, 43, 73-78 and 84-85, and industrial application (IA) on all 103 claims, but asserts that none of the claims has an inventive step (IS). It seems that the IPER is in error in asserting on novelty that claim 85 is both novel and non-novel, and hence for the purpose of the discussion below we assume that novelty is accepted for claim 85.

### Rejection on Novelty

Examiner rejects claims 1-4, 8-12, 14-34, 38-42, 44-72, 79-83, and 86-103 for lack of novelty. Screen shots of Compensate.com dated 02/04/1998, 05/05/2001 and 02/3-/1999 are provided as reference. We note that Compensate.com has applied for a patent on March 16, 2000 which was allowed as US patent 6,587,832 (the '832 patent). From the logic presented by the Examiner then at least the early citation of the screen shots should have prevented Compensate.com from receiving this patent, as it would have had to be considered prior art to what Compensate.com applied for in its patent application. However, we believe that the screen shots by themselves fail to teach the invention as described and/or claimed by PayScale.

Specifically, Examiner equates the way surveys are performed according to Compensate.com and those performed in accordance with the disclosed invention. Examiner notes that they *"...disclose conducting salary surveys over the Internet (i.e., presenting at least a question) and groups the survey answers using a modeling system and a standardized classification system by job family and level of responsibility (i.e., affinity group)."* Examiner in fact recognizes the fact that Compensate.com uses *standardized classification system* which are well known in the art and generally predetermined. The responses of a user cannot affect the affinity group such a user may be associated with. By contrast, the survey in accordance with the PayScale invention provides for a user to give answers to a plurality of survey question and thereafter such a person may be joined into a plurality of affinity groups, and in fact may further cause the creation of new affinity groups. Affinity groups are not necessarily predetermined in accordance with the disclosed invention and they are created as the system gets filled up with responses from additional users. The intent is to provide as much as possible a response tailored to the information needs of an individual user who is looking for an answer from an affinity group that "look like himself".

Examiner then notes that "The modeling system uses a statistical engine... to produce a robust portrait pf pricing dynamics ... for every combination of job family and responsibility level... (adding and storing the profile)." Here again lies a significant difference between the invention and the system according to Compensate.com. Firstly, even if we would agree with the examiner that a profile is created, there is no indication that a profile per user is created, nor that it can be matched to more than a restricted group of the job family and responsibility level. The statistics are restricted to "... *systematic*

*determination of an employee's market value within different job families and levels of responsibility."* as clearly indicated in US patent 6,587,832 assigned to Compensate.com and which describes their system free of the examiner's erroneous interpretation. In fact, it seems like the examiner sees all of this in hindsight as a result of the disclosures made in the invention, however, these have never been anticipated by Compensate.com.

In accordance with the PayScale invention, the list of survey questions presented to a user is dynamically built in real-time based on the affinity groups the user falls into while the user provides responses to questions. This allows for a significantly finer association with one or more affinity groups. According to Compensate.com that is not possible and a user will always be associated with a single group, this is further acknowledged by the Examiner who states that *"The answers allow a user to be grouped with a matching affinity group."* No where is it shown that a user could be associated with multiple affinity groups, including those not previously existing in the system, allowing other more specific questions to be asked at each time other affinity group associations are established, an invention that significantly enhances the ability of an individual user, or employer, to match like profiles in more detail. It should be further notable that the flexibility of the PayScale invention allows for the use of the system beyond salary surveys, and it is not limited to such, as opposed to Compensate.com where salary and job definitions are built-in to the very fabric of operation. Hence, the Compensate.com system is limited to a rigid set of predetermined questions and answers leading to a single affinity group. Therefore, even Market pay surveys referred to by the Examiner as being taught by Compensate.com are limited to that set of questions and answers, and is unable to address affinity groups not hard coded into the survey itself. For example, outside of salary surveys, the PayScale system could be used to compare values of Houses based on any number of attributes such as location, size of home, # of bathrooms, age / year built, etc. In another use the values of diamonds may be determined based on weight, number of facets, color, cut and clarity, as well as other parameters such as location, quantity, time-of-year, and so on.

To summarize, the PayScale system allows any possible answer to a survey question to become a nucleolus for an affinity group, separately stored in a set of tables within the system. The affinity group represents a list of exactly which users are members of that affinity group. Furthermore, any combination of answers to any combination of questions can be defined as an affinity group. This allows groupings of users who are members of the particular combination. For example, "All Programmers in Washington State" or "All People with 5 Years Experience and a Degree in Chinese Studies". Next, the system, during the survey process, can look up to see what new affinity groups the user is now a member of by virtue of his/her answering a question. Finally, there is a table that allows any survey question to be related to any affinity group or set of affinity groups. By the user's association with those affinity groups, the system can determine the next more specific / relevant question to ask.

The system provided by Compensate.com is further restrictive in the sense

that it does not allow for the creation on new job families and hence prevents the user from beginning the process of the automatic creation of new affinity groups. To make a point here, users may wish to extend the system to determine the effect of their height on reaching certain salary goals. Hence, there may be an affinity group that has to do with graduate of university X, having a height Y, and living within Z miles from a specific location. Because no profiling is provided no matching of profiles can create an affinity group that would fit this group, nor would it be known in advance that such a group would have been desirable. Hence, users of the system disclosed in the invention modify over time not only the question and question sequence but also the range of possible answers.

While we do believe that Examiner is in error in rejecting these claims on the basis of novelty, there may be a need to amend some of the claims. This may address the issues raised by the Examiner and avoid the interpretation problems and suggestions are provided in an appendix to this letter. After such amendments these claims should be allowable.

### **Rejection for Lack of Inventive Step**

Examiner rejects claims 5-7, 13, 35-37, 43, 73-78, and 84-85 as lacking an inventive step as being obvious over Compensate.com. The same references as above are used by the Examiner as well as additional comments to which we refer to in the following paragraphs.

**Claims 5-7 and 35-47.** Examiner basically asserts here that providing an answer in open text form is known and so is the adding of such an answer to the list of existing answers that will later be presented when the question is presented in a subsequent survey. We agree that the open-text answer is known-in the art, however, we do believe this claim should be allowable because it is dependent of claims which should be allowed. As for the use of such an answer for the purpose of providing it as one of the plurality of possible answers of the original question, we believe that this is not an obvious extension, especially because the list of suggested answers is not the same for each user, but dependent on the set of affinity groups the user is a member of. Hence we feel this should be allowed, in addition to the fact that the claim, are dependent of allowable subject matter.

**Claims 13 and 43.** Examiner agrees that Compensate.com does not teach the modification of answers provided by a user based on the qualifications disclosed in these claims. Examiner mixes up the ability of a user to enter, according to the examiner, "...*filtering information in order to have the reports tailored to his/her needs...*" with the ability of the system, in accordance with the PayScale invention to deactivate fully or partially profiles which are not consistent with reasonable expectations. These inactive profiles are then not used in calculations. For example, a person claiming a CEO compensation in a hi-tech company with 1,000 employees, that is \$50,000 may be filtered as not being consistent with expected results, or alternatively, be flagged to the system operator for further checking. This has nothing to do with "filtering

data to get a desired report". The PayScale system in this case determines what input data from the survey is allowable data in the first place, through a complex system of rules that can be added to and amended by system operators for automation. The reports from Compensate.com are shown on the web site and hence there is no place for the examiner's confusion of force fitting the filtering in accordance with the invention and that of Compensate.com

**Claims 73-78 and 84-85.** Examiner errs in asserting that "*Compensate.com discloses selecting of a first profile currently entered and not matched with an affinity group, comparing the user profile with other user profiles of the system, finding an appropriate affinity group for the first user, and preparing a report for the first user...*". There is no comparison performed at any step disclosed by Compensate.com. It would not be necessary as, what the Examiner refers to as the Compensate.com affinity group, is hard-coded as part of the answer a user can provide, i.e., if the affinity group is "Accounting" the user will not be affiliated with any other affinity group. Compensate.com operates solely within the realm of job families and specific pre-defined levels of responsibility within each job family. In accordance with the PayScale invention, a matching process occurs for each of the answers that a user has provided, and as noted previously, the survey itself is a unique survey to the specific user, as its questions were generated in response to the answers given (and hence which affinity groups the user is a member of) rather than the rigid set of questions and answers that typify solutions such as shown by Compensate.com. In accordance with the PayScale invention, in order to match an unmatched user to an affinity group a plurality of match fields are tested, between the unmatched user and those users which have been previously determined as being part of the affinity group. It is possible, in accordance with the PayScale invention, that persons of different job families but similar (not necessarily identical) responsibilities, skills, and even non-job attributes such as location, type of company, size of company, even height or weight, be part of an affinity group. Because in accordance with the PayScale invention a user does not have to belong to a single affinity group, such matching technique is essential to a successful implementation of the invention. By contrast, Compensate.com does not perform even a single match. If the user responds that he belongs to a certain job family, that will be his single affiliation, and nothing else will be checked, limiting significantly the possibilities that could otherwise be provided to such user. Examiner also states that "*... Compensate.com stores information related to specific industries based on received data...*" in fact agreeing that the data is kept on an industry rather than a user basis. The lack of the user profiles in the database of Compensate.com prevents a-priori any ability to create affinity groups between users, as has also been noted above. We therefore believe that these claims should also be allowed.

#### **Defect in Claim 50**

Examiner objects to claim 50 due to certain informalities. It is suggested that it be fixed as shown in the appendix to this letter.